

Note 8
Financial instruments

Table 11

Financial assets

(Thousands of United States dollars)

	31 December 2016				31 December 2015			
	Cash and cash equivalents	Loans and receivables	Available-for-sale investments	Total	Cash and cash equivalents	Loans and receivables	Held-to-maturity investments	Total
Investments (note 9)	—	—	1 135 377	1 135 377	—	—	1 014 115	1 014 115
Accounts receivable, excluding prepayments (note 10)	—	48 135	—	48 135	—	21 779	—	21 779
Cash and cash equivalents (note 11)	399 373	—	—	399 373	362 687	—	—	362 687
Total	399 373	48 135	1 135 377	1 582 885	362 687	21 779	1 014 115	1 398 581

Table 12

Financial liabilities at amortized cost

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Accounts payable and accruals (note 13)	131 950	175 742
Cash held by UNOPS as agent (note 14)	561 807	512 130
Total	693 757	687 872

Note 9**Investments**

74. The majority of the UNOPS investment portfolio is outsourced to an external investment manager and is measured at fair value. A small part of the investment portfolio, in the form of money market funds and time deposits, is internally managed by the UNOPS treasury.

75. The portfolio is composed as follows:

Table 13

Investment portfolio

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Long-term investments	1 122 613	347 045
Short-term investments	12 764	667 070
Money market funds and time deposits	195 293	25 000
Total	1 330 670	1 039 115

Table 14
Fair value levels

(Thousands of United States dollars)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	195 293	1 135 377	—	1 330 670

Determination: Level 1 — quoted market price; level 2 — unobservable inputs; level 3 — with significant unobservable inputs.

76. The money market funds and time deposits are classified under cash equivalents, of which \$195.0 million are managed by the UNOPS treasury and \$0.293 million by an external investment manager.

77. The movements in short- and long-term investments for the period are as follows:

Table 15
Movements in investments

(Thousands of United States dollars)

	2016	2015
Opening balance as at 1 January	1 014 115	953 632
Additions (purchases of investments)	1 806 696	911 670
Disposals (proceeds from maturity of investments)	(1 692 646)	(846 850)
Recognition of amortized costs	4 063	(4 337)
Fair value adjustment	3 149	—
Closing balance as at 31 December	1 135 377	1 014 115
Current portion (short-term investments)	12 764	667 070

78. Both long- and short-term investments are available-for-sale instruments.

79. Accrued interest of \$5.4 million (\$3.5 million in 2015) has been included in the statement of financial position as "other accounts receivable" (see note 10 for further details).

Short-term investments

80. Short-term investments are those investments with final maturities at purchase between 91 and 365 days. They consist of corporate bonds, unit trust bonds and unit trust equity maturing within one year of the reporting date.

Table 16
Short-term investments

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Money market instruments	—	50 000
Bonds	12 764	617 070
Total short-term investments	12 764	667 070

Long-term investments

81. Long-term investments comprise bonds that mature beyond one year.

Table 17

Bonds and equity instruments

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Bonds and equity instruments	1 122 613	347 045

82. The investment portfolio of UNOPS consists of high-quality debt and equity instruments (unit trust equity, unit trust bonds, corporate bonds and index-linked government bonds). In the table below, the entire portfolio is presented following its credit rating distribution.

Table 18

Credit rating distribution of investments

(Thousands of United States dollars)

	31 December 2016	31 December 2015
AAA	758 316	788 703
AA+	11 262	78 611
AA	12 457	—
AA-	76 438	5 202
A+	48 542	71 187
A	102 685	50 000
A-	67 100	20 412
BBB+	32 612	—
BBB	3 497	—
BBB-	501	—
Unrated	21 967	—
Total	1 135 377	1 014 115

Note 10**Accounts receivable**

83. The accounts receivable of UNOPS are divided into the following categories:

(a) Project accounts receivable: a project receivable is recognized in connection with projects that have incurred expenditure and are awaiting further funding from partners and receivables originating from the UNWebBuy online procurement tool;

(b) Prepayments: payments made in advance of the receipt of goods or services from vendors;

(c) Other accounts receivable: this category includes staff receivables, accrued interest income on investments and other miscellaneous receivables.

84. An overview of these categories is shown in the table below.

Table 19
Accounts receivable
(Thousands of United States dollars)

	31 December 2016	31 December 2015
Project accounts receivable (gross)	44 449	22 256
Bad debt allowance	(7 281)	(7 149)
Project accounts receivable (net)	37 168	15 107
Other accounts receivable (gross)	11 021	6 762
Bad debt allowance	(54)	(90)
Other accounts receivable (net)	10 967	6 672
Total accounts receivable (net) excluding prepayments	48 135	21 779
Prepayments	35 638	8 125
Total accounts receivable (net) including prepayments	83 773	29 904

85. As the fair value of the current receivables approximates their carrying amount and the impact of discounting is not significant, no fair value disclosure has been added.

86. As at 31 December 2016, receivables of \$7.3 million (\$7.1 million in 2015) were impaired and provisions were made against them. This value excludes provisions made against receivables from UNDP that are shown separately through table 22.

87. As at 31 December 2016, receivables of \$18.2 million (\$7.3 million in 2015) were past due but not impaired, as there is no recent history of default regarding those receivables. The ageing of those receivables exceeds three months.

Table 20
Ageing of receivables
(Thousands of United States dollars)

	Current 0-3 months	Overdue 3-6 months	Overdue 6-12 months	Overdue >12 months	Total
Accounts receivable	29 905	11 754	1 787	4 689	48 135

Project accounts receivable

88. The project accounts receivable are reflected in the table below.

Table 21
Project accounts receivable
(Thousands of United States dollars)

	31 December 2016	31 December 2015
Project implementation-related receivables (net)	30 915	12 696
Accounts receivable from UNDP ^a	5 278	—
Accounts receivable from other United Nations agencies	975	2 411
Total project accounts receivable	37 168	15 107

^a In 2016, the interfund with UNDP had a net receivable balance.

89. Project implementation-related receivables arise in connection with projects that have incurred expenditure and are awaiting further funding from partners and from the receivables originating from the UNWebBuy online procurement tool. Also included in project-related receivables are amounts receivable from the United Nations Office on Drugs and Crime, the Office of the United Nations High Commissioner for Refugees, the United States Agency for International Development, the Department of Field Support of the United Nations Secretariat, and the European Union. The nature of those agreements typically requires that UNOPS perform services prior to invoicing the client and receiving cash/payment.

90. Of the balance of project receivables of \$37.2 million (\$15.1 million in 2015), \$3.1 million (\$2.5 million in 2015) relates to cash advances due from customers for construction contracts for the period ended 31 December 2016, as detailed in note 16.

91. The accounts receivable from other United Nations entities include amounts due from the United Nations Secretariat. The amounts relate mainly to project expenditure incurred by UNOPS when implementing projects on behalf of the agency as well as in relation to staff on secondment.

92. Accounts receivable from UNDP arose mainly in connection with advances made for payments that will be made on behalf of UNOPS. The outstanding balance due from UNDP is constituted as follows:

Table 22

Accounts receivable — UNDP

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Receivable from UNDP		
Cumulative project expenses and fees due to UNOPS	2 078	1 421 412
Bad debt allowance	(2 613)	(3 399)
Net project advances/receivable	(535)	1 418 013
Cumulative advances/(payables) for disbursement of payments on behalf of UNOPS	5 813	(1 533 372)
Payable to UNDP for services	—	(35)
Net amounts receivable/(payable) from/to UNDP	5 278	(115 394)

Other accounts receivable

93. The other accounts receivable are composed of the following:

Table 23

Other accounts receivable

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Staff receivables	1 783	1 559
Accrued interest income	5 424	3 456
Miscellaneous receivables	3 760	1 657
Total other accounts receivable	10 967	6 672

94. The staff receivables relate to salary advances, education grants, rental subsidies and other entitlements.

95. The accrued interest income is composed of interest accruals on investments. Of this amount, a portion has been allocated to project cash advances received, and the balance has been recognized in the statement of financial performance under finance income (see note 18 for further details).

Prepayments

Table 24

Prepayments

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Prepayments	35 638	8 125

96. Prepayments relate to payments made in advance of the receipt of goods or services from a vendor.

Bad debt allowance

97. The movement in bad debt allowance is as follows:

Table 25

Movement in bad debt allowance

(Thousands of United States dollars)

	2016	2015
Opening balance as at 1 January		
Project-related	7 149	6 918
Other accounts receivable	90	106
Opening balance	7 239	7 024
Net increase (decrease) in provision for receivables impairment		
Increase	164	1 359
Receivables written off during the year as uncollectable	(60)	(224)
Unused amounts reversed	(8)	(920)
Net increase (decrease)	96	215
Closing balance as at 31 December		
Project-related	7 281	7 149
Other accounts receivable	54	90
Closing balance	7 335	7 239

98. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The project-related provisions amount above excludes a provision of \$2.6 million related to UNDP interfund balances, which are shown separately in table 22.

Note 11**Cash and cash equivalents**

99. The cash and cash equivalents of UNOPS are composed of cash on hand, bank account balances, money market funds and time deposits.

Table 26

Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Cash at banks and on hand	204 172	337 779
Impaired cash balances	(92)	(92)
Money market funds and time deposits	195 293	25 000
Total cash and cash equivalents	399 373	362 687

100. Cash at banks includes project funds received from clients for the implementation of project activities. Cash advances received from clients for project activities and other UNOPS cash balances are commingled and are not held in separate bank accounts.

101. The cash on hand is the cash held in field offices for the purpose of meeting financial needs at field locations. The impaired cash balance of \$0.92 million is included in the cash-on-hand figure in the tables below.

102. Money market funds and time deposits are investments with an original maturity of less than 90 days.

103. Cash at banks (excluding cash on hand) is denominated in the following currencies:

Table 27

Cash at banks

(Thousands of United States dollars)

Currency	31 December 2016	31 December 2015
United States dollar	62 037	286 576
Argentine peso	57 441	688
Euro	47 698	25 041
Jordanian dinar	3 052	1 927
Uruguayan peso	2 376	2 235
CFA franc	2 241	1 266
Haitian gourde	2 006	1 251
British pound	1 122	
Japanese yen	1 062	1 425
Other currencies	24 874	17 276
Subtotal cash at banks	203 909	337 685
Cash on hand	263	94
Total	204 172	337 779

104. The credit quality of the cash at banks (excluding cash on hand), by reference to external credit ratings, is summarized in the table below.

Table 28

Credit rating distribution of cash at banks

(Thousands of United States dollars)

	31 December 2016	31 December 2015
AA-	586	—
A+	71 939	214 848
A	19 660	77 485
A-	998	246
BBB+	65 926	—
BBB	3 044	7 150
BBB-	317	2 721
BB+	—	701
BB	287	1 011
BB-	5 264	1 301
B+	22	2 199
B	5 379	—
Unrated	30 487	30 023
Subtotal cash at banks	203 909	337 685
Cash on hand	263	94
Total	204 172	337 779

105. UNOPS implements projects worldwide and in post-conflict and rural areas. Given the conditions and areas in which these projects are implemented, some banks are not rated by reference to external credit ratings.

106. The credit quality of the money market funds and time deposits was as follows:

Table 29

Credit rating distribution of money market funds and time deposits

(Thousands of United States dollars)

	31 December 2016	31 December 2015
AAA	80 293	—
A+	50 000	25 000
A	48 000	—
BBB+	17 000	—
Total	195 293	25 000

Note 12

Employee benefits

107. The employee benefits liabilities of UNOPS are composed of:

- (a) Short-term employee benefits: accrued annual leave, current portion of home leave;
- (b) Long-term employee benefits: non-current portion of home leave;
- (c) Post-employment benefits: all benefits relating to after-service health insurance and repatriation grant;
- (d) Termination benefits: benefits related to termination of contract.

Table 30

Employee benefits liabilities

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Short-term employee benefits	20 158	17 806
Long-term employee benefits	332	334
Post-employment benefits	77 098	70 853
Termination benefits	132	75
Total employee benefits liabilities	97 720	89 068
Current portion	20 290	17 881
Non-current portion	77 430	71 187

Short-term employee benefits

108. Short-term employee benefits are composed of:

Table 31

Short-term employee benefits

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Annual leave entitlements	18 012	15 171
Home leave entitlements (current portion)	2 146	2 635
Total short-term employee benefits liabilities	20 158	17 806

109. Home leave allows eligible internationally recruited staff members to visit their home country periodically to renew and strengthen cultural and family ties.

Long-term employee benefits

110. Long-term employee benefits consist of the non-current portion of the home leave entitlement. Rights vested which can be used in the next 12 months are presented as short-term employee benefits, while rights to be used beyond the 12-month period are presented as long-term employee benefits.

Post-employment benefits

111. The post-employment benefits liabilities are composed of:

Table 32
Post-employment benefits liabilities
(Thousands of United States dollars)

	31 December 2016	31 December 2015
After-service health insurance	59 839	54 432
Repatriation grants	17 259	16 421
Total post-employment benefits	77 098	70 853

112. Post-employment benefits consist of after-service health insurance, repatriation grants and pension plans. After-service health insurance is a plan that allows eligible retirees and their eligible family members to participate in the full medical insurance plan. A repatriation grant is an entitlement payable to Professional staff on separation, together with related costs in travel and shipment of household effects. The actuarial valuation of liabilities regarding after-service health insurance and the repatriation grant was undertaken by independent professional actuaries. At the end of 2016, total employee benefits liabilities amounted to \$77.1 million (\$70.9 million in 2015). They are established in accordance with the Staff Regulations of the United Nations and Staff Rules for staff members in the Professional and General Service categories.

113. In December 2015, the General Assembly took a decision to make certain changes to the compensation package of United Nations staff members. The major changes covered in the resolution related to a change in the mandatory age of separation; the establishment of a unified salary scale, moving away from the differentiation between single and dependency salary scales; setting a global ceiling for the education grant; a hardship allowance based on categorization of duty station; the establishment of a flat amount for non-family allowance; and a revision of the accelerated home leave entitlement vesting. These changes are scheduled to be phased in over an 18-month period starting on 1 July 2016.

After-service health insurance

114. The year-end liabilities for after-service health insurance are derived from the actuarial valuation conducted at year-end 2016.

115. Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements. These requirements include 10 years of participation in a United Nations health plan, for those who were recruited after 1 July 2007, and 5 years of participation, for those who were recruited prior to that date.

116. The major assumptions used by the actuary to determine the liabilities for after-service health insurance as at 31 December 2016 were a discount rate of 4.05 per cent and an inflation rate of 2.25 per cent, health-care escalation rates being dependent on the medical plan to which the employee is affiliated; age-related morbidity; and retirement and mortality assumptions consistent with those used by the Pension Fund in making its own actuarial valuation of pension benefits.

117. On the basis outlined above, the net present value of the UNOPS accrued liability as at 31 December 2016, net of contributions from plan participants, was estimated by actuaries at \$59.8 million (\$54.4 million in 2015).

118. On the basis of the assumptions above, it is estimated that the net present value of the liability would increase by 19 per cent if the medical cost trend were

increased by 1 per cent and would decrease by 15 per cent if the medical cost trend were decreased by 1 per cent, all other assumptions held constant.

Table 33

Impact of medical cost trend on after-service health insurance liabilities

(Thousands of United States dollars)

	Defined benefit obligations	Service cost and interest cost
One percentage point increase	11 547	1 128
One percentage point decrease	(9 112)	(861)

Repatriation grant

119. Upon end of service, staff members who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant based on length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

120. The major assumptions used by the actuary were a discount rate of 3.66 per cent, annual salary increases based on salary scales, grade and step, and travel cost increases of 2.25 per cent per annum. Furthermore, assumptions related to retirement, withdrawal and mortality are made consistent with those used by the Pension Fund.

121. On the basis outlined above, the net present value of the UNOPS accrued liability as at 31 December 2016 was estimated by actuaries at \$17.3 million (\$16.4 million in 2015).

122. A sensitivity analysis has been performed on the assumptions used in the actuarial valuation. An increase of the discount rate by 0.25 per cent, with all other assumptions held constant, would result in a decrease in the net present value of the liability by 2.5 per cent. A decrease in the discount rate by 0.25 per cent, with all other assumptions held constant, would also result in an increase in the net present value of the liability by 3 per cent.

Accounting for post-employment benefits

123. The movement in the defined benefit obligation over the year is as follows:

Table 34

Movement in post-employment liabilities

(Thousands of United States dollars)

	Repatriation health insurance	After-service	Total 2016	Total 2015	Total 2014	Total 2013
Liability as at 1 January	16 421	54 432	70 853	69 510	50 427	39 192
Current service cost	1 789	2 098	3 887	3 855	3 806	4 642
Interest cost	589	2 285	2 874	2 545	2 563	1 867
Benefits paid	(1 656)	(894)	(2 550)	(3 232)	(1 446)	(1 069)
Actuarial losses/(gains)	116	1 918	2 034	(1 825)	14 160	(5 102)
Other	-	-	-	-	-	10 897
Liability as at 31 December	17 259	59 839	77 098	70 853	69 510	50 427

124. The amounts recognized in the statement of financial performance are as follows:

Table 35
Impact of post-employment benefits on financial performance

(Thousands of United States dollars)

	<i>Repatriation</i>	<i>After-service health insurance</i>	<i>Total 2016</i>	<i>Total 2015</i>
Current service cost	1 789	2 098	3 887	3 855
Interest cost	589	2 284	2 873	2 545
Expenses as at 31 December	2 378	4 382	6 760	6 400

125. The total expense has been included under "salaries and employee benefits" in the statement of financial performance, and the actuarial losses of \$2.0 million (\$1.8 million gain in 2015) has been recognized under "reserves" in the statement of financial position.

126. The principal actuarial assumptions were as follows:

Table 36
Principal actuarial assumptions

	<i>Repatriation</i>	<i>After-service health insurance</i>
Discount rate	3.66 per cent	4.05 per cent
Future salary increases (on top of inflation)	United Nations salary scale	United Nations salary scale
Inflation rates	2.25 per cent	2.25 per cent
Mortality rate	United Nations scales	United Nations scales
Turnover rate	UNOPS scales	UNOPS scales

United Nations Joint Staff Pension Fund

127. The Regulations of the United Nations Joint Staff Pension Fund provide that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

128. The UNOPS financial obligation to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly (currently 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

129. The actuarial valuation performed as at 31 December 2015 revealed an actuarial surplus of 0.16 per cent (a deficit of 0.72 per cent in the 2013 valuation) of

pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2015 was 23.54 per cent of pensionable remuneration, compared with the actual contribution rate of 23.70 per cent. The next actuarial valuation will be conducted as at 31 December 2017.

130. At 31 December 2015, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 141.1 per cent (127.5 per cent in the 2013 valuation). The funded ratio was 100.9 per cent (91.2 per cent in the 2013 valuation) when the current system of pension adjustments was taken into account.

131. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2015, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

132. In 2016, UNOPS contributions paid to the Pension Fund amounted to \$16.5 million (\$16.2 million in 2015). Except for the effects of inflation, there are no indications of a material change in the expected contribution in 2017.

133. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments; these can be viewed by visiting the website of the Pension Fund at www.unjspf.org.

Termination benefits

134. At year-end, UNOPS had termination entitlement liabilities amounting to \$0.132 million (\$0.075 million in 2015).

Note 13

Accounts payable and accruals

Table 37

Accounts payable and accruals

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Accounts payable	56 931	120 931
Accruals	75 019	54 811
Total	131 950	175 742

Accounts payable

135. Balances of accounts payable as at 31 December 2016 are shown below.

Table 38

Accounts payable

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Accounts payable to other United Nations entities ^a	562	115 534
Accounts payable other	56 369	5 397
Total accounts payable	56 931	120 931

^a In 2016, the interfund with UNDP had a net receivable balance, which is discussed in note 10.

136. Accounts payable relate to transactions in which invoices from vendors were received and approved for payment but not yet paid.

Accruals

137. The accrued charges amounting to \$75.0 million (\$54.8 million in 2015) are financial liabilities in respect of goods or services that were received or provided to UNOPS during the reporting period but not yet invoiced.

Note 14

Project cash advances received

138. The project cash advances received represent deferred revenue, which is the excess of cash received over the total of project revenue recognized on projects, and of cash held by UNOPS for projects in which UNOPS serves as a disbursement authority.

Table 39

Project cash advances received

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Deferred revenue	709 812	537 334
Cash held by UNOPS as agent	561 807	512 130
Total	1 271 619	1 049 464

139. Of the balance in deferred revenue of \$709.8 million (\$537.3 million in 2015), \$424 million (\$223 million in 2015) relates to cash advances on construction contracts for the period ended 31 December 2016, as detailed in note 16.

Note 15

Operational reserves

140. The operational reserves were as follows:

Table 40

Operational reserves

(Thousands of United States dollars)

	2016	2015
Opening balance as at 1 January	99 191	66 178
Adjustment on property, plant and equipment capitalization	—	4 512

	2016	2015
Adjusted opening balance, 1 January	99 191	70 690
Surplus for the period	31 280	14 335
Reserve balance	130 471	85 025
Actuarial gains/losses	(2 034)	14 166
Increase in fair value reserve	3 149	—
Closing reserve balance as at 31 December	131 586	99 191

141. The current operational reserves requirement, approved by the Executive Board, provides that the operational reserves should be equivalent to four months of the average of the administrative expenditure for the past three years of operation. On the basis of this formula, for the period ended 31 December 2016, the minimum operational reserves requirement was \$20.7 million.

142. The main purpose of the operational reserves is to provide for temporary deficits, fluctuations or shortfalls in resources, uneven cash flows, unplanned increases in expenses and costs or any other contingencies, and to ensure continuity in the implementation of the projects undertaken by UNOPS.

Note 16

Revenue and expenses

Non-exchange revenue

143. There was no non-exchange revenue recognized during the year ended 31 December 2016.

Exchange revenue

144. The exchange revenue of UNOPS comprised \$787.8 million (\$680.4 million in 2015) in revenue from project activities and \$2.1 million (\$2.4 million in 2015) from miscellaneous revenue. The revenue and expenses from UNOPS project activities were as follows:

Table 41

Revenue and expenses from project activities

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Construction contracts (infrastructure)	192 308	170 384
Procurement	51 633	27 989
Fund management	86 773	88 775
Human resources administration	39 514	31 916
Other project management	417 579	361 371
Total project-related revenue	787 807	680 435
Less: project expenses		
Construction contracts	178 886	159 042
Procurement	41 860	17 526
Fund management	68 436	64 906

	31 December 2016	31 December 2015
Human resources	24 559	21 362
Other project management	387 365	330 431
Total project-related expenses	701 106	593 267
Net revenue from project activities	86 701	87 168

145. During the period, UNOPS revenue was reported using the categories in the table above. For operational reasons and as described in the annual report, UNOPS analyses its revenue according to the following three core service categories: project management, infrastructure and procurement. These categories are detailed in note 1.

Construction contracts

146. The amount of revenue and expenses relating to the construction contracts recognized in the statement of financial performance was as follows:

Table 42

Construction contracts — revenue and expenses

(Thousands of United States dollars)

	Cumulative	Recognized in prior years	Recognized in current year
Revenue	(995 394)	(803 086)	(192 308)
Expense	930 119	751 233	178 886
Surplus	(65 275)	(51 853)	(13 422)

147. Amounts due to and from customers for construction contract works were as follows:

Table 43

Construction contracts — amounts due to/from customers

(Thousands of United States dollars)

	Projects with net deferred revenue balance	Projects with net balance project receivable	Total
Cash advances received including accrued interest ^a	(1 165 008)	(102 829)	(1 267 837)
Revenue recognized over the life of the contract ^b	740 535	105 948	846 483
Amounts due (to)/from customers included in deferred revenue and project receivables, respectively	(424 473)	3 119	(421 354)
Retentions			6 145

^a As at 31 December 2016.

^b For the year ended 31 December 2016.

148. Cash advances received comprise cash received over the life of both construction contracts and contracts that contain construction and an agency service element (such as procurement services) where the cash advances were not specifically designated for use on the agency service.

Operational costs

149. Operational costs of \$70.1 million (\$60.3 million in 2015) relate to expenses incurred by UNOPS for a range of activities, which included payments for:

- Rental of office space and vehicles
- Maintenance of buildings and equipment
- Utilities

Contractual services

150. Contractual services of \$268.7 million (\$229.7 million in 2015) relate to expenses incurred for a range of UNOPS activities, some of which included payments to:

- Subcontractors, for implementation and construction projects
- Vendors, for feasibility studies and research on projects
- Consultants, for training and education costs
- Vendors, for security charges

Note 17**Employee benefits expenses**

Table 44

Employee benefits expenses

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Salaries	80 416	77 256
After-service health insurance	4 384	4 027
Annual leave	1 383	466
Home leave	171	1 124
Defined contribution plan	16 406	15 844
Repatriation grant	2 445	411
Other short-term employee benefits expenses	26 112	38 079
Expenses related to staff	131 317	137 207
Other personnel expenses	188 008	156 113
Total employee benefits expenses	319 325	293 320

151. Other personnel expenses relate to the remuneration paid to UNOPS individual contractors for salaries, the provident fund and accrued annual leave.

152. In October 2014, UNOPS implemented a provident fund scheme for all UNOPS local individual contractors. The provident fund is a defined contribution plan. The employer contributions of 15 per cent of local individual contractors' agreement fees are fixed and are recognized as an expense. The contractors contribute 7.5 per cent of their fee on a monthly basis. The responsibility of UNOPS is to establish arrangements to provide a provident fund facility, and to monitor and cover administrative costs related to these arrangements. The balance of funds held for the benefit of UNOPS local individual contractors by the provident fund as at

31 December 2016 was \$21.9 million (\$13.7 million in 2015), which was included under other personnel expenses in 2016.

153. In accordance with the contract with UNOPS, the provident fund is administered and held by Zurich International on behalf of the local individual contractors. UNOPS obtained financial statements of Zurich International in respect of the year ended 31 December 2016 that were audited by PricewaterhouseCoopers AG, chartered accountants, who gave an unqualified opinion on the statements.

Note 18

Finance income and costs

Table 45

Finance income and costs

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Finance income		
Total finance income received on investments	20 494	10 879
Recognition of amortized cost (note 9)	4 063	(4 337)
Total finance income attributable to UNOPS on investments	24 557	6 542
Finance income/cost allocated to projects	(11 472)	(3 638)
Net finance income retained by UNOPS	13 085	2 904
Finance income on UNOPS bank balances	24	73
Total finance income	13 109	2 977

Table 46

Net exchange rate gain/loss

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Net foreign exchange gains (loss)	(1 890)	(392)

154. The exchange losses are due to the revaluation of non-United States dollar bank balances, assets and liabilities at the end of the period.

Note 19

Short-term provisions

Table 47

Short-term provisions for other liabilities and charges

(Thousands of United States dollars)

	1 January 2016	Additional provisions	Written-off or unused amount reversed	31 December 2016
Claims	6 021	—	(6 021)	—
Leasehold restoration provisions	50	—	—	50
Onerous contracts provisions	5 143	1 530	(2 827)	3 846
Total	11 214	1 530	(8 848)	3 896

155. Leasehold restoration provisions reflect an estimate of requirements to return leased properties to the lessors at the end of the lease term in a specified condition. They concern various lease agreements in which UNOPS has the obligation to remove installed assets. Onerous contracts provisions are related to the estimated cost of remedial work required on projects currently being implemented by UNOPS.

Note 20

Contingencies

Contingent liabilities

156. There were no pending cases relating to project claims from clients or vendors at year-end. The claims relating to staff and personnel that remained open at year-end are reflected in the table below. Claims for which provision was made are reflected in note 19.

Table 48

Contingent liabilities

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Project-related claims from clients	—	—
Staff-related claims	401	—
Total contingent liabilities	401	—

Contingent assets

157. There were no contingent assets at year-end.

Note 21

Commitments

Lease commitments

158. UNOPS leases office premises in field locations under non-cancellable and cancellable operating lease agreements. When they are cancellable, UNOPS is required to give a one- to six-month notice of termination of the lease agreements. The lease terms are between 1 and 10 years. Some of these operating lease agreements contain renewal clauses that enable UNOPS to extend the terms of the leases at the end of the original lease terms and escalation clauses that may increase annual rent payments on the basis of increases in the relevant market price indexes in the respective countries where the field offices are located.

159. The operating expenses include lease payments for an amount of \$11.3 million (\$6.3 million in 2015) recognized as operating lease expenses during the year in the statement of financial performance under operational costs.

160. The future minimum lease payments include the amounts that would need to be paid up to the earliest possible termination dates under the respective agreements. The total of future minimum lease payments under non-cancellable operating leases is as follows:

Table 49
Lease commitments

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Within one year	1 836	2 013
Later than one year and not later than five years	3 499	3 528
Later than five years	2 387	3 085
Total operating lease commitments	7 722	8 626

161. UNOPS subleases office premises under cancellable operating lease agreements, generally to other United Nations entities. In most cases, the lessee is required to give 30 days' notice for the termination of the sublease agreement.

162. As at 31 December 2016, the total future minimum lease payments under sublease agreements that UNOPS expects to receive on such agreements that cannot be cancelled was only \$0.057 million (\$0.081 million in 2015), owing mainly to the 30-day notice period and the 2016 end date of most significant sublease agreements.

163. Sublease payments amounting to \$2.1 million were received in 2015 (\$1.9 million in 2015). They were recognized as operating lease revenue during the year in the statement of financial performance, included under miscellaneous revenue.

Open commitments

164. UNOPS commitments included purchase orders and service contracts contracted but not delivered as at year-end. A list of the commitments is provided below.

Table 50
Open commitments

(Thousands of United States dollars)

	31 December 2016	31 December 2015
Management-related commitments	1 588	1 522
Project-related commitments	143 805	156 391
Total	145 393	157 913

Note 22

Reconciliation of the statement of comparison of budget and actual amounts

Table 51
Statement of comparison of budget and actual amounts

(Thousands of United States dollars)

	Actual amounts on comparable basis	Basis difference (excludes intangible assets and property, plant and equipment capitalized)	Entity difference (includes projects)	Reclassification	Amounts in IPSAS financial statements	Classification in statement of financial performance
Revenue	83 203	–	706 731	–	789 934	Revenue
Posts	11 750	–	119 567	–	131 317	Salaries and employee benefits

	Actual amounts on comparable basis	Basis difference (excludes intangible assets and property, plant and equipment capitalized)	Entity difference (includes projects)	Reclassification	Amounts in IPSAS statements	Classification in statement of financial performance
Common staff costs	8 463	–	(8 463)	–	–	Salaries and employee benefits
Travel	4 124	–	25 554	–	29 678	Travel
Consultants	29 641	–	427 033	–	456 674	Contractual services
Operating expenses	5 770	–	64 352	–	70 122	Operational costs
Furniture and equipment	1 316	2 439	75 098	–	78 853	Supplies and consumables
Reimbursements and other	1 398	–	2 713	–	4 111	Other, amortization and depreciation of intangible assets and property, plant and equipment
Provisions	(149)	–	(733)	–	(882)	Other expense
Total expenses for the period	62 313	2 439	705 121	–	769 873	
Net finance income/(cost)	10 427		792	–	11 219	
Surplus/(deficit) for the period	31 317	(2 439)	2 402		31 280	

165. The budget scope of UNOPS is restricted to the management budget, including the net surplus earned on projects. It does not include the revenue and expenses incurred on projects, which represent an entity difference in the reconciliation between the IPSAS statement of financial performance and the actual amounts on a comparable basis to the budget.

166. The UNOPS budget and accounts are prepared on the same basis, except for the acquisition of property, plant and equipment and intangible assets and non-exchange revenue. The statement of financial position, the statement of financial performance, the statement of changes in net assets and the statement of cash flows are prepared on a full accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the statement of comparison of budget and actual amounts is prepared on an accrual basis, except for the acquisition of property, plant and equipment and intangible assets. The approved budget covers the biennium 2016-2017. The annual budget for 2016 was included in statement V.

167. The UNOPS financial regulations and rules specify that the Executive Director has the authority to redeploy resources within the approved management budget and to increase or reduce the total approved management budget allotment, provided that the net revenue target established by the Executive Board for the budget period remains unchanged. As a result, there are some line item differences between the original and final budgets.

Reconciliation of actual amounts from budgetary basis to financial statement basis

168. As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall be reconciled with the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences, where the financial statements and the budget are not prepared on a comparable

basis. There may also be differences in formats and classification schemes adopted for the presentation of the financial statements and the budget.

169. According to statement V, the actual revenue for 2016 was 10 per cent higher than the final budgeted amount of \$75.5 million. Total management expenditure was about 2 per cent lower compared with the budgeted amount of \$63.6 million. Variances at the individual line item level reflect the combined spending decisions of the managers of various budgets in UNOPS in the course of 2016. Savings in one expense category can also be used to address additional, unforeseen requirements in other expense categories.

170. Basis differences occur when the approved budget is prepared on a basis other than the accounting basis.

171. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for UNOPS for purposes of comparison of budget and actual amounts.

172. Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared.

173. Presentation differences are due to differences in the format and classification schemes adopted for presentation of the statement of cash flows and the statement of comparison of budget and actual amounts.

174. A reconciliation between the actual amounts on a comparable basis and the actual amounts in the statement of cash flows for the period ended 31 December 2016 is presented below.

Table 52
Reconciliation with the statement of cash flows

(Thousands of United States dollars)

	Operating	Investing	Total
Actual amount on a comparable basis as presented in the budget and actual comparative statement	31 317	–	31 317
Basis differences (capitalization of intangible assets)	610	2 439	3 049
Entity differences (project income)	3 464	–	3 464
Changes in working capital	121 081	–	121 082
Movement in investments and interest received	(11 195)	(109 140)	(120 336)
Subtotal	145 277	(106 701)	(38 576)
Net foreign exchange gains	–	–	(1 890)
Actual amount in the statement of cash flows	145 277	(106 701)	36 686

Note 23
Segment reporting

175. Management has determined its reporting segments on the basis of statements of budget reporting as provided to the Executive Director and the Deputy Executive Director.

176. The allocation of the total assets and liabilities of UNOPS segments is not regularly reviewed by management. The accounting system is not adapted so as to generate segment information on assets and liabilities efficiently and reliably. UNOPS believes that such information is not meaningful to the users of these financial statements. Hence, it is not presented.

177. Segment revenue and expenses are those that are directly attributable to the segment or can reasonably be allocated to the segment.

178. UNOPS headquarters is located in Denmark. The total amounts of UNOPS segment revenue and expenses in Denmark and other regions are summarized as follows:

Table 53
Segment reporting

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Jerusalem</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>Peace and Security Cluster</i>	<i>Total</i>
Revenue									
Revenue from project activities	159 810	95 941	140 229	34 095	9 698	86 878	32 790	228 366	787 807
Miscellaneous revenue	29	1 703	—	352	—	42	1	—	2 127
Non-exchange revenue	—	—	—	—	—	—	—	—	—
Total revenue	159 839	97 644	140 229	34 447	9 698	86 920	32 791	228 366	789 934
Expenses									
Contractual services	66 329	28 718	13 772	4 238	915	28 424	7 984	118 286	268 666
Other personnel costs	42 999	32 671	30 805	24 262	3 955	25 718	5 954	21 644	188 008
Salaries and employee benefits	4 979	6 971	62 591	17 956	1 424	3 314	4 435	29 647	131 317
Operational costs	15 660	7 461	7 733	14 693	765	14 645	5 540	3 625	70 122
Supplies and consumables	14 365	6 435	5 068	5 743	356	3 924	3 519	39 443	78 853
Travel	5 205	3 852	6 277	4 138	123	2 507	1 244	6 332	29 678
Other expenses	(327)	(48)	(101)	(146)	—	(260)	—	—	(882)
Depreciation of property, plant and equipment	1 285	939	145	510	234	386	100	—	3 599
Amortization of intangible assets	2	9	1	495	—	5	—	—	512
Total expenses	150 497	87 008	126 291	71 889	7 772	78 663	28 776	218 977	769 873
Finance income	—	—	—	13 109	—	—	—	—	13 109
Net foreign exchange gains/(losses)	—	—	—	(1 890)	—	—	—	—	(1 890)
Net finance income	—	—	—	11 219	—	—	—	—	11 219
Surplus for the period	9 342	10 636	13 938	(26 223)	1 926	8 257	4 015	9 389	31 280

Note 24
Related parties

179. UNOPS is governed by an Executive Board, mandated by the General Assembly, which is responsible for overseeing the work of UNOPS, UNDP and the United Nations Population Fund (UNFPA). The Executive Board is a related party, since it exercises significant influence over UNOPS as governing body.

180. UNOPS maintains a working relationship with the Executive Board and reimburses part of the travel costs, subsistence allowances and office expenses

incurred by members of the Board in discharging their official duties, as well as a share of the cost of the Secretariat. The cost of this amounted to approximately \$0.1 million during 2016 (\$0.01 million in 2015). Members of the Board are elected each year by the Economic and Social Council in accordance with the rules of procedure on membership. Executive Board members are not considered key management personnel of UNOPS as defined under IPSAS.

181. UNOPS considers UNDP and UNFPA to be related parties, given that all three organizations are subject to common control by the Executive Board. UNOPS has a range of working relationships with UNDP and UNFPA. All of the transactions between UNOPS and the other two organizations are conducted at arm's length. The inter-agency transactions were consistent with normal operating relationships between the organizations and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

182. The table below provides information on the aggregate remuneration of executive management personnel.

Table 54

Key management personnel

(Thousands of United States dollars)

	2016	2015
Number of full-time positions	2	2
Aggregate remuneration		
Base compensation and post adjustment	426	422
Other entitlements	49	38
Post-employment benefits	139	135
Total remuneration	614	595
Outstanding advances against entitlements	2	3
After-service health insurance, repatriation grant and leave liability	308	226

183. For the purpose of this disclosure, the Executive Director and the Deputy Executive Director are considered key management personnel, as they have the overall authority and responsibility to plan, lead, direct and control the activities of the organization.

184. The aggregate remuneration of executive management personnel is based on a full-time equivalent basis and includes net salaries, post adjustment, entitlements such as representation allowance, rental subsidy, relocation grant and the costs of pension, after-service health insurance and repatriation grant in accordance with the Staff Regulations of the United Nations and Staff Rules.

185. These financial statements disclose key management personnel remuneration as well as post-employment liabilities directly attributable to the individuals.

186. In 2016, there were no known instances of executive management personnel facing conflicts of interest that could potentially influence decision-making, either stemming from the ordinary course of business or with regard to business relationships with family members, other related individuals or vendors.

Note 25
Services in kind

187. Services in kind for the period amounted to \$4.3 million (\$4.3 million in 2015), \$4.1 million of which is attributed to the estimated market rental value of office space provided by the Government of Denmark to accommodate the UNOPS headquarters in Copenhagen.

Note 26
Events after reporting date

188. The financial statements were approved for issue on the date on which the Board of Auditors signed the audit opinion. None other than UNOPS has the authority to amend these financial statements.

189. On 31 January 2017, a revision to the pay scale for Denmark-based General Service staff, effective 1 July 2016, was announced by the United Nations. UNOPS incorporated this revision into the payroll for February 2017. The amount of salary cost relating to the retroactive revision was only about \$0.04 million, and hence no adjustments were reflected in the 2016 financials.

190. UNOPS claims against the person who was the head of the UNOPS Afghanistan office during the period 2002-2006 for misuse and misappropriation of United Nations funds, and his claims for withheld separation benefits, have been subject to an exhaustive forensic review conducted with the assistance of a multinational professional services firm. All claims have been addressed, and the parties now consider the matter to be resolved.

191. As at the date of signature of the UNOPS financial statements and related notes for the period ended 31 December 2016, there have been no other material events, favourable or unfavourable, that have occurred between the balance sheet date and the date on which the financial statements were authorized for issue that would have affected the statements.

Glossary of technical terms

Accounting policies	In 2012, UNOPS adopted IPSAS, which provides a general framework for accounting within the public sector and has to be adapted to meet the circumstances of individual bodies. The details of how IPSAS has been applied are summarized in note 3 to the financial statements
Accrual basis	Accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements for the periods to which they relate
Actuarial gains and losses	After-service health insurance is the only place in the UNOPS financial statements where actuarial gains and losses arise. The after-service health insurance liability is calculated by consulting actuaries on the basis of a set of assumptions, including longevity, the future cost of medical care and the discount rate; and a set of data, including staff numbers, ages and health-care costs incurred in the past. Changes in any one of those factors may increase or decrease the liability. The difference between the assumptions and actual performance, and the effect of changes in assumptions is the actuarial gain or loss and is reported as a direct change on reserves. Any change arising from other factors (e.g., increases in the number of UNOPS employees) is an expense and reported in the statement of financial performance
Amortization	A charge reflecting the consumption of an intangible asset over its useful life
After-service health insurance	The cost that UNOPS expects to pay in the future to discharge its responsibility to assist qualifying employees in funding their health-care costs after separation from UNOPS
Cash and cash equivalents	Cash on hand, cash at banks and deposits held with financial institutions where the initial term was less than three months
Certificate of deposit	A savings certificate entitling the bearer to receive interest
Commercial paper	An unsecured promissory note with a fixed maturity of usually no more than 270 days
Contingent asset	A potential asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNOPS. Contingent assets are not included in the statement of financial position
Contingent liability	A possible obligation of UNOPS that arises from past events with a significant degree of uncertainty as to the likelihood of a payment being made, or the measurement of the liability. Contingent liabilities are not included in the statement of financial position
Depreciation	A charge reflecting the consumption of a tangible asset over its useful life
Employee	UNOPS is a party to the contract of employment of permanent staff employed under the Staff Regulations of the United Nations and Staff Rules, and of individual contractors whose terms and conditions of employment are tailored to the needs of a specific project being delivered with the labour of the employee

Employee benefits	All those costs associated with employing a member of staff. The exact benefits are determined by the contract of employment
Exchange revenue	Revenue generated from transactions in which UNOPS receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. Most UNOPS contracts are of this nature
Fair value	The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. For UNOPS, fair value is usually the cash amount needed to settle a transaction
Financial instruments	Assets and liabilities where there is a contractual right to receive cash from or pay cash to another entity. They include cash and investments and most receivables and payables
Going concern	The financial statements are prepared on the assumption that UNOPS is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future. In assessing whether the going-concern assumption is appropriate, those responsible for the preparation of financial statements take into account all information available about the future, which is a period at least, but is not limited to, 12 months from the date of approval of the financial statements
Individual contractors	Individuals working for UNOPS whose terms and conditions of service are tailored to the needs of the projects on which they are working. See also employee
Impairment	The loss in the future economic benefits or service potential of an asset, over and above the structured charging of depreciation
Investments	Deposits with financial institutions where the initial term was for a period in excess of three months
Intangible assets	Identifiable non-monetary assets without physical substance, including (but not limited to) computer software developed in-house by UNOPS and licensed software packages
International Public Sector Accounting Standards (IPSAS)	The International Public Sector Accounting Standards were developed by the International Federation of Accountants as an integrated set of accounting standards designed to meet the accounting and reporting needs of Governments and public sector bodies. The General Assembly adopted IPSAS with a view to ensuring that, across the board, accounts are prepared on a consistent and comparable basis
Inventory	Assets held in the form of material or supplies that will be used by UNOPS in the future to deliver services. Those items (such as vaccines) held by UNOPS on behalf of a partner under an agency contract are not considered UNOPS inventory under IPSAS
Management budget	The Executive Board approves a biennial budget covering the fee income and related expenses that UNOPS is expected to achieve. Out-turn against the budget was reported under the United Nations system accounting standards in the statement of income and expenditure and is now covered by the statement of comparison of budget and actual amounts
Management expenses	Those costs incurred under the management budget

Money market instruments	Highly liquid short-term debts and securities
Operational reserve	Accumulated surplus built up over past years and the actuarial gains and losses in respect of post-employment benefits
Property, plant and equipment	Tangible assets (including project assets) under the control of UNOPS and: • Used by UNOPS to generate revenue • Expected to be used during more than one reporting period
Principal and agent	IPSAS draws a distinction between transactions that an entity undertakes on its own behalf (principal) and those that it undertakes on behalf of others (agent). The distinction is whether the economic benefits arising from the contract accrue to UNOPS, except to the extent that a fee may be levied for providing an agency service
Provisions	A liability of uncertain timing or amount
Segment	The three UNOPS regional offices and headquarters
Staff	A generic term that covers permanent staff and individual contractors. See also employee
Transitional provisions	On first implementation of IPSAS, individual standards give relief from the immediate application of aspects of the standard if certain specified criteria are met. This is important, because some standards are complex to apply and require significant time to collect the information necessary to enable full implementation. UNOPS has applied all the standards from 1 January 2012 and adopted one important transitional provision in the 2013 financial statements under which UNOPS will take up to five years to implement IPSAS with regard to the recognition of property, plant and equipment
Treasury bill	Short-term debt obligation backed by a sovereign State
Trust funds	Moneys administered by UNOPS on behalf of a donor for the benefit of recipients. These transactions are typically classified as agency

Annex

**United Nations Office for Project Services local individual
contractors provident fund summary for the period ended
31 December 2016**

(Thousands of United States dollars)

	2016	2015
Opening balance, 1 January	13 735	1 942
Contribution/premium	14 775	14 080
Payouts	(5 317)	(1 353)
Funds not earmarked for the fund	(2 100)	(780)
Earnings/loss	842	(154)
Closing balance	21 935	13 735

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